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13 *Attorneys for Movant Southern*

14 UNITED STATES DISTRICT COURT
15 NORTHERN DISTRICT OF CALIFORNIA
16

17
18 JOSEPH LEONE, Individually And On Behalf of
All Others Similarly Situated,

19 Plaintiff,

20 vs.

21 S. TREZEVANT MOORE JR., CHRISTOPHER
22 J. ZYDA, ELEANOR CORNFIELD MELTON,
RONALD VIERA, DIMITRIOS
23 PAPATHEOHARIS, AND LUMINENT
MORTGAGE CAPITAL, INC.,

24 Defendants.
25

3:07-cv-04073-PJH

CLASS ACTION

**DECLARATION OF ALLEN
DAYTON IN SUPPORT OF
MOTION BY SOUTHERN FOR
CONSOLIDATION OF RELATED
ACTIONS, APPOINTMENT AS
LEAD PLAINTIFF, AND
APPROVAL OF LEAD COUNSEL**

Date: November 28, 2007
Time: 9:00 a.m.
Place: Courtroom 3, 17th Floor

26 [caption continued on next page]
27

ROSENBAUM CAPITAL LLC, Individually and
On Behalf of all others similarly situated,

3:07-cv-04096-PJH

Plaintiff,

vs.

LUMINENT MORTGAGE CAPITAL, INC., GAIL
P. SENECA, SEWELL TREZEVANT MOORE
JR., and CHRISTOPHER J. ZYDA,

Defendants.

HOWARD J KAPLOWITZ IRA, Individually and
On Behalf of all others similarly situated,

3:07-cv-04140-PJH

Plaintiff,

vs.

LUMINENT MORTGAGE CAPITAL, INC., S.
TREZEVANT MOORE JR., and CHRISTOPHER
J. ZYDA,

Defendants.

ELLIOT GREENBERG, Individually and On
Behalf of all others similarly situated,

3:07-cv-04141-PJH

Plaintiff,

vs.

LUMINENT MORTGAGE CAPITAL, INC., GAIL
P. SENECA, SEWELL TREZEVANT MOORE
JR., and CHRISTOPHER J. ZYDA,

Defendants.

1
2 PEM RESOURCES LP, Individually and On
Behalf of all others similarly situated,

3:07-cv-04184-PJH

3 Plaintiff,

4 vs.

5 LUMINENT MORTGAGE CAPITAL, INC., GAIL
6 P. SENECA, SEWELL TREZEVANT MOORE
JR., and CHRISTOPHER J. ZYDA,

7 Defendants.
8

9 ALLEN M. METZGER, Individually and On
Behalf of all others similarly situated,

3:07-cv-04686-PJH

10 Plaintiff,

11 vs.
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13 LUMINENT MORTGAGE CAPITAL, INC., GAIL
P. SENECA, SEWELL TREZEVANT MOORE
14 JR., and CHRISTOPHER J. ZYDA,

15 Defendants.
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17 ALLEN DAYTON hereby declares, pursuant to 28 U.S.C. § 1746:

18 1. I am the sole shareholder and President of The Southern Improvement Co.
19 ("Southern Improvement"), a company I formed to invest in the securities markets.

20 2. I am also the 95 percent shareholder and President of VSA, Inc. ("VSA"), a
21 distributor of media and audiovisual products.

22 3. I exercise complete control, authority, and direction over the business activities of
23 Southern Improvement and VSA. I conduct my own research and make all investment decisions
24 with respect to trading in the securities accounts maintained by Southern Improvement and VSA.

25 4. I also maintain individual securities accounts. Together, the securities portfolios
26 for Southern Improvement, VSA, and my personal accounts are valued at about \$15 million.
27

5. I submit this declaration in support of the application made by Southern Improvement, VSA, and myself (collectively, “Southern”) for appointment as Lead Plaintiff and approval of their selection of Lead Counsel in this securities fraud litigation against Luminent Mortgage Capital, Inc. (“Luminent”) and others, pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”).

6. After conducting extensive research and analysis on Luminent, beginning in late June 2007, I purchased more than 160,000 shares of Luminent stock at prices ranging from about \$8.00 to \$10.00, for the Southern Improvement, the VSA, and my personal accounts, and held these shares through the end of the putative Class Period, which is August 6, 2007.

7. Following Luminent's adverse disclosures on August 6, 2007, I sold the entire position held by Southern, except for 5,410 shares, at prices ranging from \$0.74 to \$1.08 per share. Southern's losses on the stock transactions are more than \$1.27 million. In addition, during the same period, I sold put options contracts for the Southern Improvement, the VSA, and my personal accounts, and sustained net losses of about \$200,000. Southern's total losses are approximately \$1.47 million, as set forth in the Certifications and Loss Analyses submitted herewith in Exhibit 1 to Declaration of David Harrison.

8. Southern is eminently qualified to lead this litigation, having sustained significant losses, detailed in the Loss Analyses, which in all probability make Southern the member of the class with the largest financial interest in the outcome of this litigation. Southern has both the wherewithal and financial interest to closely monitor and oversee the litigation for the benefit of purchasers of Luminent stock during the Class Period.

9. Southern has selected the firm of Lowey Dannenberg Bemporad Selinger & Cohen, P.C. ("LDBSC") to serve as Lead Counsel. LDBSC previously successfully represented VSA as a class member in a securities class action involving First Central Financial Corporation, in which LDBSC recovered 75 percent of VSA's investment losses. After suffering more than \$1 million in investment losses in Luminent, I interviewed and retained LDBSC, which is one of

1 the most experienced and highly regarded securities litigation firms in the country.

2 10. Southern will be kept abreast of court appearances, settlement discussions, and
3 other important proceedings and meetings, and will discuss all significant pleadings and
4 submissions with LDBSC before they are filed with the Court.

5 11. Southern will also be advised and consulted by LDBSC before it submits any fee
6 application to this Court in the event of a successful recovery. (Any fee applications will, of
7 course, be subject to final approval of the Court.)

8 I declare, under penalty of perjury, that the foregoing is true and correct.

9 Executed this 8th day of October, 2007.

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12 ALLEN DAYTON
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